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SENSITIVE
SIPDIS

COMMERCE FOR ALBERT HSU
TREASURY FOR OIA CWINSHIP AND TTYANG
NSC FOR LOI

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TAGS: [ECON](#) [EAGR](#) [PGOV](#) [EFIN](#) [SOCI](#) [CH](#)
SUBJECT: THE CCP THIRD PLENUM: HOPEFUL BUT NOT HOLDING
THEIR BREATH IN NINGXIA

REF: A. BEIJING 3933
[1](#)B. BEIJING 4100

[1](#)1. (SBU) SUMMARY: Contacts from the Ningxia Hui Autonomous Region, one of China's poorest regions, expressed hope the decisions of the October 9-12 Third Plenum of the Chinese Communist Party (CCP) 17th Central Committee would translate into concrete policies to boost agricultural production, sustainable land use, broader rural financial services and higher incomes. They did not expect immediate results, however, and continue to wait for further details about implementation to emerge. END SUMMARY.

[1](#)2. (U) Econoff and Econ Specialist visited the Ningxia Hui Autonomous Region October 15-17 and met with contacts from Ningxia in Beijing on October 20. The Third Plenum of the Chinese Communist Party (CCP) 17th Central Committee (aka "The Plenum") concluded on October 12 with the release of a Communique (ref A), followed by the more detailed "Decision on Major Issues Concerning the Advancement of Rural Reform and Development" (aka "Decision"), which was released to the public on October 19 (ref B).

[1](#)3. (SBU) In a meeting with Econoff and Econ Specialist on October 15, Huang Yongfeng, General Manager of the Ningxia Land Reclamation Company, said he welcomed the policy thrust of the Third Plenum Communique because it lays out how to proceed on rural reforms. Huang noted that clarifying the system for transferring land-use rights from individual farmers to a large company such as his would allow his company to further expand and increase its production scale. He also was hopeful that land could be more easily consolidated into larger scale farming operations. Huang noted that details still need to be worked out, but the renewed push to accelerate rural reforms provides "additional space" to modernize agriculture. (Note: The Ningxia Land Reclamation Company is a state-owned agricultural conglomerate with businesses including grain, vegetable and fruit farms, wineries, livestock and dairy, and aquaculture. The company cultivates approximately 188,000 hectares of land. End Note.) A farmer from central Ningxia who spoke with Econoff said his family paid close attention to the news reports on the Plenum Communique and hoped further reforms would "gradually" result.

[1](#)4. (SBU) At the Ningxia Agriculture and Animal Husbandry Bureau on October 15, the text of the Plenum

Communique was streaming on the electronic announcement board in the lobby. The Bureau's Deputy Director Zhang Yanping told Econoff his Bureau was still studying the Communique, but that he was hopeful the renewed push at the Plenum would help increase the protection of peasants' interests. He said he was also hopeful the Plenum will result in increased fiscal transfers and overall support for agriculture and rural communities, as well as the use of specialized rural cooperatives (zhuanye hezuoshe) to increase the commercialization of agriculture production.

15. (SBU) A Ningxia Rural Credit Cooperative (RCC) loan officer said his RCC does not currently allow rural farmers to use land as collateral for loans but that, if the necessary legal framework is established following the Plenum, the RCC would start doing so. (Note: The Plenum Decision released on October 19 did not specifically mention the use of agricultural or rural household land as collateral, even though this possibility had been discussed in the Chinese media during the run-up to the Plenum. See septel.) Representatives from the Ningxia Center for Environment and Poverty Alleviation (CEPA), a Chinese NGO with micro-finance and grassland management projects, said they hope the Plenum will directly benefit their work. Zhang Jian'e, CEPA's Director for Micro-finance Projects, said the Plenum may help lay a legal framework for implementing microfinance projects that is currently lacking. She explained that microfinance projects are often carried out with only

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implicit official approval, making it difficult to expand programs beyond an area run by a flexible official. Li Fengyang, CEPA's Director for grassland management projects hopes further reforms will make it easier for herders to consolidate land into management units consistent with sustainable range management practices.
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